

**CHANGES TO THE
CALIFORNIA SCHOOL ACCOUNTING MANUAL, 2003 EDITION**

Now that almost all LEAs in the state have converted to SACS we are currently working on a merged edition (with parts I and II combined) of CSAM for release in 2004. Some of the changes in this edition are intentionally irreducible-minimum, pending a more complete revision of the entire manual.

PART I

Procedure	Title	Changes
201	The Accounting Cycle	<ul style="list-style-type: none"> Added paragraph on financial reporting to include mention of government-wide reports required by Governmental Accounting Standards Board (GASB) Statement 34.
203	Allowable Funds and Account Groups	<ul style="list-style-type: none"> Added new funds: Special Reserve Fund for Post Employment Benefits, Capital Project Fund for Blended Component Units, and Debt Service Fund for Blended Component Units. Deleted the account numbers shown in the listing of principal sources of revenue for the funds. Deleted Article XIII-B Fund from the Private-Purpose Trust Funds. This fund was eliminated concurrent with GASB 34 implementation. Deleted the entire section for Account Groups and references to Account Groups, which were eliminated under GASB 34. In the Forest Reserve Fund, added “community college districts” as other entities that receive forest reserve funds apportioned by the County Office of Education pursuant to <i>Education Code</i> Section 2300. Made minor revisions for clarity.
204	The General Ledger and the Chart of Accounts	<ul style="list-style-type: none"> Updated chart of accounts to reflect SACS codes and delete non-SACS definitions. Added guidance to clarify that contra-asset accounts for Accumulated Depreciation should be reported as debit accounts with their normally credit balances displayed as negatives. Minor text and grammatical changes.
209	Recording Encumbrances	<ul style="list-style-type: none"> Deleted obsolete account codes. Adjusted accounting examples to ensure amounts tie from one example to the next. Minor text changes to update account titles and clarify guidance.

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302	Revenue Recognition	<ul style="list-style-type: none"> Added guidance for when statute allows revenue recognition on a basis inconsistent with Generally Accepted Accounting Principles (GAAP). Deleted non-SACS accounting examples.
602	Accounting for Emergency Apportionments and Loans	<ul style="list-style-type: none"> Deleted obsolete references and accounting examples relating to the general fixed asset account group. Minor text changes to update account titles and clarify guidance.
606	Accounting for Certificates of Participation	<ul style="list-style-type: none"> Removed text references and accounting examples related to the general long-term debt account group. Removed non-SACS accounting examples.
608	Accounting and Financial Reporting for Educational Joint Powers Agreements/Agencies	<ul style="list-style-type: none"> Modified references to Function 9000, Other Outgo, which is no longer valid for 2003-04 to reflect use of formerly optional Function 9200, Transfers Between Agencies, for certain accounting situations involving joint powers agencies (JPAs). Added notation that certain JPAs may need CDE program approval prior to receiving CDS codes. Other minor edits.
609	Liability for Compensated Absences in Governmental Funds	<ul style="list-style-type: none"> Minor text and grammatical changes. Removed reference to the general long-term debt account group.
610	Accounting for Special Education Programs	<ul style="list-style-type: none"> Changed references to Function 9000, Other Outgo, which is no longer valid for 2003-04, to Function 9200, Transfers Between Agencies. Made certain account names match the exact account names under SACS or J-200/J-400 systems.
802	Accounting for Fixed Assets	<ul style="list-style-type: none"> Deleted obsolete guidance for LEAs that had not yet implemented GASB Statement 34. Deleted obsolete guidance relating to the general fixed asset account group. Minor text changes to update account titles and clarify guidance.
803	Making an Initial Valuation of Property and Equipment	<ul style="list-style-type: none"> Deleted obsolete guidance for LEAs that had not yet implemented GASB Statement 34. Replaced term “fixed assets” with “capital assets.” Deleted obsolete references to expendable trust funds and the general fixed asset account group. Minor text changes to clarify guidance.

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804	Recording General Fixed Assets	<ul style="list-style-type: none"> Deleted obsolete guidance and accounting examples relating to the general fixed asset account group.
805	Accounting for Lease Purchase Agreements (Capital Leases)	<ul style="list-style-type: none"> Removed references to the general long-term debt account group and the general fixed asset account group. Removed non-SACS accounting examples. On page 805-1, changed the reference for reporting capitalized lease agreements from the general fixed asset account group to the government-wide statement of net assets. Miscellaneous text changes for clarification purposes.
806	Accounting for Capital Assets in Proprietary and Fiduciary Trust Funds	<ul style="list-style-type: none"> Changed section title to include “Trust” and replace term “Fixed Assets” with “Capital Assets.” Deleted obsolete guidance for LEAs that had not yet implemented GASB Statement 34. Deleted obsolete references to Expendable Trust Funds and the general fixed asset account group.
808	General Long-Term Debt	<ul style="list-style-type: none"> Eliminated references and examples related to the general long-term debt account group. Revised guidance where necessary that liabilities are to be recorded in the government-wide statement of net assets. Added reference to Procedure 901, Accounting for General Obligation Bonds, in the notes section.
809	Accounting for General Long-Term Debt in the Proprietary and Fiduciary Trust Funds	<ul style="list-style-type: none"> Changed section title to include the word “Trust.” Deleted obsolete guidance for LEAs that had not yet implemented GASB Statement 34. Deleted obsolete references to Expendable Trust Funds and the general long-term debt account group.
901	Accounting for General Obligation Bonds	<ul style="list-style-type: none"> Changed section title from “Accounting for Building Funds” to “Accounting for General Obligation Bonds.” Expanded discussion, definition of terms, and accounting examples relating to bond issuance.

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PART II

Procedure	Title	Changes
101	Fund	<ul style="list-style-type: none"> Deleted the entire section for Account Groups and all references to account groups. Added new funds: Fund 20, Special Reserve Fund for Post Employment Benefits; Fund 49, Capital Project Fund for Blended Component Units; and Fund 52, Debt Service Fund for Blended Component Units. In Fund 16, added “community college districts” as other agencies that also receive forest reserve funds apportioned by the County Office of Education pursuant to <i>Education Code</i> Sec. 2300. In Fund 53, added the account numbers for the expenditures charged for payments from the Tax Override Fund (to make it consistent with CSAM Part I, Procedure 203). In Enterprise Fund, added that an enterprise fund may be used to account for any activity that an LEA accounted for in an enterprise fund prior to the issuance of GASB 34, even if the activity does not otherwise meet the criteria of using an enterprise fund. In Fund 71, Retiree Benefit Fund, deleted reference to private purpose trust funds. Deleted Fund 72, Article XIII-B Fund, which was eliminated concurrent with GASB 34 implementation. In Fund 73, Foundation Private Purpose Trust Fund, deleted the term “optional”; fund is required under <i>Education Code</i> Section 41031 if money is required to be used for specific purposes according to the terms of the gift or bequest. Made minor revisions for clarity.
102	Resource (Project/Reporting)	<ul style="list-style-type: none"> See attached updated list of resource codes.
104	Goal	<ul style="list-style-type: none"> Minor text and formatting changes for clarification purposes. Revised references to Objects 7310/7350 where necessary to reflect the new titles of those objects or to change to the more appropriate Objects 7370/7380.

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105	Function (Activity)	<ul style="list-style-type: none"> • Minor text and formatting changes for clarification purposes. • Removed Function 9000, Other Outgo, from Item 3, List of Function (Activity) Accounts, which is no longer valid for 2003-04.
106	Object	<ul style="list-style-type: none"> • Miscellaneous text and grammatical changes for clarification purposes. • Revised references in text and examples for Objects 7310/7350 where necessary to reflect the new titles of those objects or to change to the more appropriate new Objects 7370/7380. • Revised the title of Object 5710 from “Direct Cost for Transfer of Services” to “Transfers of Direct Costs.” • Revised the title of Object 5750 from “Direct Costs for Interfund Services” to “Transfers of Direct Costs – Interfund.” • Revised the title of Object 7310 from “Direct Support/Indirect Cost Charges” to “Transfers of Indirect Costs.” This reflects the splitting of the direct support portion into new object 7370. Also revised the description to remove reference to direct support costs. • Revised the title of Object 7350 from “Direct Support/Indirect Costs for Interfund Charges” to “Transfers of Indirect Costs – Interfund.” This reflects the splitting of the direct support portion into new Object 7380. Also revised the description to remove reference to direct support costs. • Added new Object 7370, Transfers of Direct Support Costs, to separate direct support costs transfers from indirect costs transfers. • Added new Object 7380, Transfers of Direct Support Costs – Interfund, to separate direct support costs transfers from indirect costs transfers between funds. • Added new Object 8997, Transfers of Restricted Balances, to account for the transfers of restricted account balances authorized by legislation (AB 1754 for 2003-04). • Changed the title of Object 8998 from “Flexibility Transfers” to “Categorical Flexibility Transfers per Budget Act Section 12.40” to clarify the purpose of this account. Rewrote the description to clarify the use of this account. • Removed the following objects related to the general fixed asset and general long-term debt account groups, no longer valid as of 2003-04: <ul style="list-style-type: none"> ○ 9980, Amount Available ○ 9989, Amount to Be Provided

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	<ul style="list-style-type: none"> ○ 9990, Investment in General Fixed Assets • Added to Object 2100, Instructional Aides' Salaries, "tutors" as part of types of instructional noncertificated personnel. • Added to Object 2300, Classified Supervisors' and Administrators' Salaries, "stipends to" governing board members. • For Object 3701-3702, Retiree Benefits, changed reference from "benefit amounts transferred to" to "irrevocable contributions to a retiree benefit plan accounted for in." • For Object 3801-3802, PERS Reduction, changed reference from Function 9000, Other Outgo, to Function 9200, Transfers Between Agencies. • For Object 5400, Insurance, changed reference from Function 9000, Other Outgo, to Function 9100, Debt Service. • Added to Object 5800, Professional/Consulting Services and Operating Expenditures, the phrase "record payments for pupil transportation made to common carriers or to parents in lieu of transportation." Also added "scholarship payments" to list of those expenditures not otherwise designated. • Added to Object 6900, Depreciation Expense, Fund 73 as an applicable fund. • For Objects 7141-3, Other Tuition, Excess Costs, and/or Deficit Payments to School Districts/County Offices/JPA's, changed reference from Function 9000, Other Outgo, to Function 9200, Transfers Between Agencies. • For Object 7299, All Other Transfers Out to All Others, removed the phrase "Use Object 7299 for transfers to a Mello Roos district." Mello Roos districts are now reported in Funds 49 and/or 52, therefore transfers are recorded with an interfund transfer object. • In the description of object range 7600-7699, Other Financing Uses, replaced reference from Function 9000, Other Outgo, to Function 9100, Debt Service; Function 9200, Transfers Between Agencies; and Function 9300, Interfund Transfers. • Added to Object 7699, All Other Financing Uses, the phrase "If long-term debt is issued at a discount, record the discount here." Debt issuance costs such as underwriter discounts and fees should be recorded in Object 5800. • Added to Object 8979, All Other Financing Sources, the phrase "If long-term debt is issued at a premium, record the premium here."
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		<ul style="list-style-type: none"> Added to Object 8990, Contributions from Restricted Revenues, the phrase "...or the annual allocation of revenue from Resource 7005, Categorical Programs per ADA Allocation." In the description of range 9400-9499, Fixed Assets, included trust funds as a fund type where this account is used. Removed reference to the general fixed asset account group. In the description of range 9660-9669, Long-Term Liabilities, removed reference to the general long-term debt account group.
202	Expenditures	<ul style="list-style-type: none"> Minor wording and grammatical changes for clarification purposes. In Example 2 (b), changed the use of Object 7310 to Object 7370 to reflect that the transaction is a transfer of direct support costs, not a transfer of indirect costs. In Example 3 (b) and (c), changed the use of Object 7350 to Object 7380 to reflect that the transaction is an interfund transfer of direct support costs, not an interfund transfer of indirect costs. In Example 4, changed the first line to reflect the correct Goal 1110; revised the title of Object 7310 to reflect new title. In Example 5 (a), clarified the description of Goal 0000. In Example 5 (b), corrected the references for Functions 0000 and 7550 that had been transposed on their respective lines; revised the title of Object 5710 to reflect new title.
204	Cafeteria	<ul style="list-style-type: none"> Minor wording and formatting changes. Revised the title of Objects 5710 and 5750 to reflect the new titles. In Example 6, changed the use of Object 5710 to Object 7370 to reflect the appropriate object for that transaction.
207	Forest Reserve	<ul style="list-style-type: none"> Changed the use of Function 9000, Other Outgo, which is no longer valid for 2003-04, to the formerly optional Functions 9200 and 9300.
208	Regional Occupational Centers/Programs (ROCP)	<ul style="list-style-type: none"> In Example 3 (a), changed reference from Function 9000, Other Outgo, which is no longer valid for 2003-04, to the formerly optional Function 9200. In Example 3(c), expanded the description of the goal field to explain the use of an LEA-defined goal.

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209	Special Education	<ul style="list-style-type: none"> • Changed all references to Function 9000, Other Outgo, which is no longer valid for 2003-04, to Function 9200, Transfers Between Agencies. • In Example 3, changed Resource 2410, an optional resource code, to Resource 2400. • Deleted references to account groups in the columnar headings. Account Groups were eliminated under GASB 34. • In Example 7, updated dates from 1999 to 2004. • In Example 11, changed account name for Object 7310 from Direct Support/Indirect Costs Charges to Transfers of Indirect Costs. • Other minor changes for clarity.
212	Technology Expenditures	<ul style="list-style-type: none"> • In Example 3 (b), changed reference from Object 7310 to Object 7370. • In Example 3 (c), revised the title of Object 5710 to reflect the new title.
213	Transportation	<ul style="list-style-type: none"> • Added Special Education transportation examples.
300	Calculation of Approved Indirect Cost Rate in SACS	<ul style="list-style-type: none"> • Clarified the text description of items included in the base costs (denominator), corrected the distribution of Data Processing Services between indirect and base costs (i.e., Goal 9000 with Function 7700 is considered indirect costs), and updated examples of the indirect cost rate calculation.
301	Program Cost Accounting in SACS	<ul style="list-style-type: none"> • Changed references from Objects 7310/7350 to 7370/7380; added a statement that administrative costs not part of the numerator of the indirect cost calculation should be transferred using Objects 7370/7380.